

## Message Text

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ORIGIN STR-04

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 EB-07 /043 R

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APPROVED BY:STR:RLHEFFERAN

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R 280110Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

USMISSION EC BRUSSELS

USMISSION USUN NEW YORK

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FOLLOWING TELEGRAM FROM SECSTATE WASHDC DATED APRIL 26, 1976  
SENT MTN GENEVA IS REPEATED TO YOU: QUOTE

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E.O. 11652:

TAGS: ETRD, MTN

SUBJECT: APRIL 26 MEETING OF 7 PLUS 7

1. U.S. VIEWS ON BRAZILIAN PROPOSAL AS SET FORTH IN MACIEL  
MEMORANDUM, ARE EXPLAINED FULLY IN TEXT OF LETTER OF  
APRIL 16 FROM AMBASSADOR YEUTTER TO MACIEL, COPY TO  
AMBASSADOR WALKER.

BEGIN TEXT

I READ WITH GREAT INTEREST YOUR MEMORANDUM PROPOSING  
A NEW MTN GROUP TO EXAMINE POSSIBLE IMPROVEMENTS IN THE  
INTERNATIONAL FRAMEWORK FOR TRADE, WHICH YOU SO KINDLY  
MADE AVAILABLE TO OUR DELEGATION IN GENEVA. AS YOU  
UNDOUBTEDLY KNOW, THIS PROPOSAL WAS DISCUSSED IN  
WASHINGTON AT THE MARCH 12TH MEETING OF THE US-BRAZIL  
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CONSULTATIVE SUB-GROUP ON TRADE. AT THAT TIME, ALTHOUGH

WE INDICATED THAT WE TOO HAVE AN INTEREST IN FRAMEWORK  
IMPROVEMENT, WE STATED SOME OF OUR RESERVATIONS

PERTAINING TO YOUR PROPOSAL. IT MAY BE USEFUL FOR ME  
TO REITERATE THOSE RESERVATIONS HERE.

YOUR PROPOSAL PRIMARILY ADDRESSES THE CONCERNS OF  
THE DEVELOPING COUNTRIES WITH THE CURRENT GATT RULES.  
WE ARE WILLING, OF COURSE, TO DISCUSS THESE CONCERNS,  
BUT BELIEVE THAT THE SUCCESS OF FRAMEWORK IMPROVEMENT  
EFFORTS WILL DEPEND LARGELY UPON OUR ABILITY TO FIRST  
IDENTIFY SPECIFIC REFORM ISSUES WHICH CAN BE NEGOTIATED  
WITHIN THE MTN TIMEFRAME AND THEN TO MAINTAIN A FOCUSED  
DISCUSSION OF SUCH ISSUES. I FEAR THAT IF WE WERE TO  
DISCUSS SPECIAL MEASURES AND DIFFERENTIAL TREATMENT FOR  
DEVELOPING COUNTRIES ON THE BASIS OF GENERAL PRINCIPLES  
AND LEGAL OBLIGATIONS OF THE TRADING SYSTEM, WE WOULD  
AT THE VERY OUTSET NARROW THE RANGE OF POSSIBLE SOLUTIONS  
AND INCREASE THE DIFFICULTY OF AGREEMENT. I MUST  
EMPHASIZE THAT WE CAN ACCEPT NEW OR ADDITIONAL PROVI-  
SIONS FOR SPECIAL MEASURES AND DIFFERENTIAL TREATMENT  
ONLY AS EXCEPTIONS TO THE EXISTING GENERAL PRINCIPLE OF  
MOST-FAVORED-NATION TREATMENT OF THE GENERAL AGREE-  
MENT. IN THIS REGARD, YOU ARE AWARE OF THE LEGAL AND  
PRACTICAL CONSTRAINTS ON THE U.S. TO NEGOTIATE PREFEREN-  
TIAL ARRANGEMENTS FOR DEVELOPING COUNTRIES.

SECONDLY, BECAUSE OF THE POTENTIAL BREADTH AND  
AND COMPLEXITY OF QUOTE GATT REFORM END QUOTE, IT WOULD  
BE IMPOSSIBLE TO COMPLETE A FULL REVIEW OF THE ARTICLES  
OF THE GENERAL AGREEMENT WITHIN THE TIMEFRAME OF THE  
MTN. IN FEBRUARY, I PROPOSED THAT SUCH A REVIEW  
(INCLUDING, AT THE APPROPRIATE TIME, AN EXAMINATION OF  
THE IMPLICATIONS FOR THE GATT OF AGREEMENTS NEGOTIATED  
IN THE MTN) BE TAKEN UP IN THE CONSULTATIVE GROUP OF  
18 PRECISELY BECAUSE THE SCOPE OF SUCH AN EFFORT WOULD  
BE TOO BROAD FOR THE MTN.

FINALLY, A RELATED CONCERN WHICH I ALSO RAISED AT THE  
MEETING OF THE CONSULTATIVE GROUP IS THE NEED TO ENSURE  
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THAT A REFORM GROUP NEITHER DUPLICATES NOR DELAYS THE  
WORK CURRENTLY UNDERWAY IN OTHER MTN GROUPS. SEVERAL  
ASPECTS OF QUOTE FRAMEWORK IMPROVEMENT END QUOTE ARE

CURRENTLY BEING NEGOTIATED IN THE MTN. IF SOLUTIONS  
REACHED WERE TO BE REOPENED IN A REFORM GROUP, THE  
PROSPECTS FOR MUTUALLY SATISFACTORY AGREEMENTS WOULD  
BE SERIOUSLY COMPROMISED AND IMPLEMENTATION OF SUCH

AGREEMENTS JEOPARDIZED. ACCORDINGLY, I AM TROUBLED BY YOUR SUGGESTION THAT THE PROPOSED REFORM GROUP QUOTE HARMONIZE, CONSOLIDATE, AND PUT INTO THE APPROPRIATE LEGAL FRAMEWORK AGREEMENTS REACHED IN OTHER GROUPS OF THE TNC END QUOTE, AND RECEIVE FROM OTHER GROUPS QUOTE AGREED

RULES FOR INCORPORATION IN A FINAL PACKAGE FOR GATT REFORM END QUOTE. THESE STATEMENTS SEEM TO IMPLY THAT THE GROUP WOULD HAVE AUTHORITY TO ALTER OR MODIFY AGREEMENTS REACHED IN OTHER GROUPS. HOW CAN THIS BE ACCOMPLISHED IN A MANNER CONSISTENT WITH THE STIPULATION THAT THE REFORM GROUP NOT QUOTE SEEK TO REOPEN ISSUES OR RENEGOTIATE AGREEMENTS WHICH HAVE BEEN SETTLED IN OTHER GROUPS END QUOTE?

OUR RESERVATIONS SHOULD NOT BE INTERPRETED TO MEAN

THAT WE WISH TO PRECLUDE THE INTRODUCTION OF REFORM ISSUES WHICH ARE SUITABLE FOR NEGOTIATION IN THE MTN. I BELIEVE, HOWEVER, THAT IT WILL BE NECESSARY FOR US TO DISCUSS SPECIFIC REFORM ISSUES TO DETERMINE THOSE WHICH MAY BE APPROPRIATE FOR REVIEW BY AN MTN REFORM GROUP. OUR OWN REVIEW HAS LED US TO CONCLUDE THAT MANY OF THE ISSUES WHICH MIGHT APPROPRIATELY FALL UNDER THE RUBRIC OF GATT REFORM ARE ALREADY UNDER NEGOTIATION IN EXISTING MTN GROUPS AND SUB GROUPS. I BELIEVE THAT THE NEGOTIATIONS ALREADY UNDERWAY IN THESE GROUPS OFFER THE MOST PRAGMATIC POSSIBILITY OF INCORPORATING MUTUALLY ACCEPTABLE SPECIAL MEASURES AND DIFFERENTIAL TREATMENT FOR DEVELOPING COUNTRIES.

WE REALIZE THAT SOME SPECIFIC REFORM ISSUES  
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MAY NOT BE RELATED TO ISSUES ALREADY UNDER NEGOTIATION, AND WE WOULD BE WILLING TO CONSIDER THE ESTABLISHMENT OF A SEPARATE GROUP FOR THIS PURPOSE. HOWEVER, SUPPORT FOR SUCH AN ENDEAVOR WILL BE CONTINGENT UPON IDENTIFICATION OF SUCH ISSUES IN LIGHT OF THE FOLLOWING CRITERIA:

(1) WORK IN OTHER GROUPS OF THE MTN WILL NOT BE

DUPLICATED OR DELAYED BY THE REFORM GROUP;

(2) THE WORK PROGRAM OF THE REFORM GROUP IS CLEARLY DELIMITED, AND IS SUCH THAT IT CAN BE COMPLETED IN THE TIME-FRAME OF THE MTN I.E., BY THE END OF 1977;  
AND

(3) REFORM ISSUES OF INTEREST TO BOTH DEVELOPED  
AND DEVELOPING COUNTRIES ARE CONSIDERED.

I HOPE TO HAVE AN OPPORTUNITY TO DISCUSS FURTHER  
WITH YOU ON A BILATERAL BASIS THE PROCEDURAL AND  
SUBSTANTIVE IMPLICATIONS OF YOUR PROPOSAL, AS EXPLAINED  
IN YOUR MEMORANDUM. I SUGGEST THAT WE ARRANGE TO DO SO

IN THE NEAR FUTURE - IN WASHINGTON D.C., GENEVA, OR  
BRASILIA. I AM ENCOURAGED BY OUR PREVIOUS DISCUSSION  
AND EXCHANGE OF IDEAS AND BELIEVE THAT WE CAN WORK OUT  
A SATISFACTORY AGREEMENT FOR THE HANDLING OF THIS  
ISSUE. I LOOK FORWARD TO A FULL AND FRANK DISCUSSION.

IN THE MEANTIME, SHOULD YOU HAVE ANY QUESTIONS IN  
CONNECTION WITH THE VIEWS I HAVE EXPRESSED IN THIS  
LETTER, PLEASE CONTACT ME DIRECTLY, OR FEEL FREE TO  
DISCUSS THEM WITH AMBASSADOR WALKER.

END TEXT

2. U.S. DEL SHOULD DRAW ON VIEWS EXPRESSED IN LETTER  
AT 7 PLUS 7 MEETING. IN PARTICULAR THE NEED TO FOCUS  
ON SPECIFIC REFORM ISSUES IN LIGHT OF CONDITIONS STATED  
IN LETTER SHOULD BE EMPHASIZED. IN THIS CONNECTION,  
YOU MIGHT NOTE THAT SOMETHING MORE THAN A LISTING OF THE  
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GATT ARTICLES WHICH COULD BE MODIFIED IS REQUIRED. THERE  
SHOULD BE INDICATION OF THE NATURE OF THE REFORM  
SOUGHT.

3. GIVEN THE EVIDENT RELAXATION ON PRESSURE FOR APPROVAL  
OF A REFORM GROUP AT THE JULY TNC, WE MAY NOT NEED  
EXTENSIVE BILATERAL CONSULTATIONS BEFORE THE 7 PLUS 7  
MEETING. HOWEVER, IT MIGHT BE USEFUL TO CONTACT THE  
BARZILIANS TO DETERMINE WHETHER THEY MAY HAVE ANY  
QUESTIONS ON THE YEUTTER LETTER AND PERHAPS OTHER KEY  
DELEGATIONS TO INDICATE THE THRUST OF CURRENT U.S.  
THINKING. KISSINGER UNQUOTE SISCO

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXT, MEETINGS, NEGOTIATIONS, TRADE AGREEMENTS, DIPLOMATIC COMMUNICATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 APR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE194681  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** STR:RLHEFFERAN  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** I  
**Film Number:** D760161-0420  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760410/aaaaaikt.tel  
**Line Count:** 213  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN STR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 05 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <05 APR 2004 by ShawDG>; APPROVED <16 SEP 2004 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** APRIL 26 MEETING OF 7 PLUS 7  
**TAGS:** ETRD, BR, US, MTN, (YEUTTER), (MACIEL)  
**To:** BRASILIA USUN NEW YORK  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006